

Sources and Uses of Funds

This section describes the sources and uses of funds available to the Washington State Department of Transportation. Detailed information is provided in support of WSDOT's 2007-2009 budget proposal as well as projections supporting the 16-year operating and capital plan.

Sources of Funds

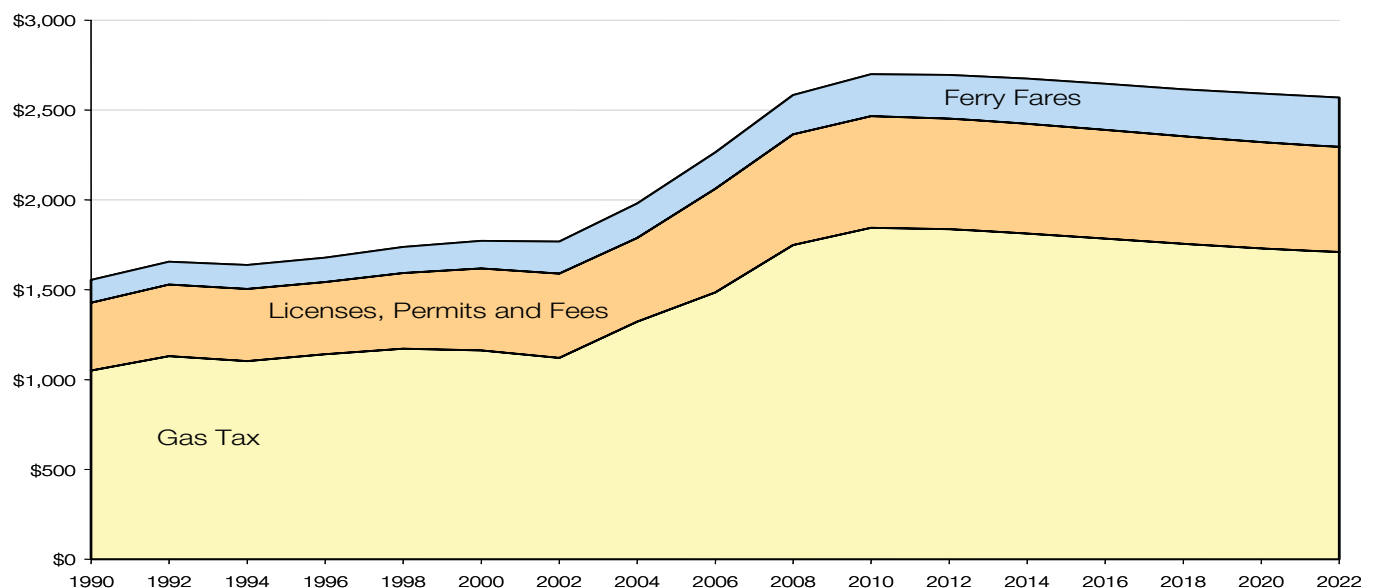
Transportation expenditures are funded from a variety of sources. State transportation taxes and fees, ferry fares, bond proceeds, local funds, and federal funds are all used to fund state transportation projects and programs. These sources of funds are available to be appropriated by the legislature to fund WSDOT's and other transportation agencies' budgets. Not all of the projected transportation revenue is available for spending. Bond sales are used to fund a significant number of capital projects built by WSDOT. This requires a portion of the state gas tax and other revenues to be committed to pay debt service on these long-term borrowings.

State Transportation Taxes, Fees, and Fares

The major sources of state revenue supporting transportation expenditures, including debt service, are from gas taxes, licenses, permits, fees, and ferry fares. These sources of revenue are deposited into various state treasury accounts as directed by law. The legislature then appropriates these funds. Discussion of the major revenue sources will be described in more detail in the sections to follow.

The following chart portrays the history as well as the projected look at the three current major revenue sources.

The Three Major Sources of Transportation Revenue • Historical and Projected
In 1991 Constant Dollars
(Dollars in millions)



Transportation Funds

Gas Taxes

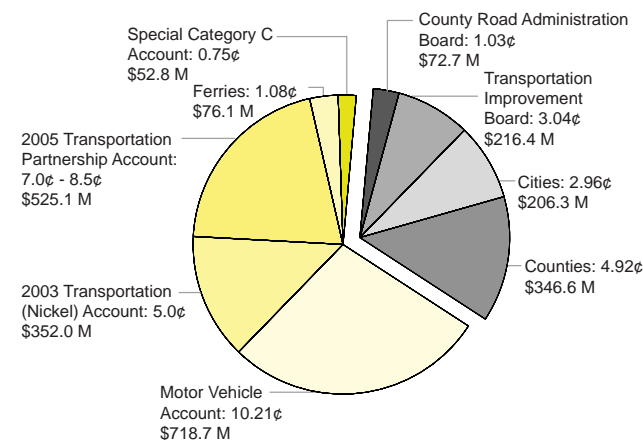
There have been two recent legislative changes to the gas tax. The 2003 Legislature increased the gas tax rate by 5¢ as part of the 2003 Transportation Funding Package. This increase brought the gas tax to 28¢ per gallon. The 2005 Legislature increased the gas tax by 9.5¢ per gallon incrementally, from 2005 to 2008 as part of the 2005 Transportation Funding Package with the state retaining 8.5¢ and cities and counties retaining the other 1¢. As of July 1, 2006, 6¢ of the 9.5¢ increase has taken place, resulting in the current rate of 34¢. During the 2007-2009 biennium the remaining increases will occur, bringing the rate to 37.5¢ per gallon by July 1, 2008. The revenue from both funding packages is to be used for specific projects identified by the Legislature.

The gas tax is expected to generate \$2,566.8 million between July 2007 and June 2009. WSDOT's budget is supported by about 27.5¢ of the total gas tax, less the amount needed to pay outstanding debt service on bond sales. The remaining portion (almost 12¢) goes to local governments for use on city streets and county roads. The 18th Amendment of the Washington State Constitution requires that this revenue be used for highway purposes. It should be noted that expenditures by the Washington State Ferries are considered highway purpose.

Because the fuel tax is levied on a volume basis rather than on dollar value, changes in consumption patterns can affect receipts regardless of the price of the gasoline. If price increases reduce demand for fuel, tax receipts fall even if the total value of the gas sold goes up. The opposite may also occur.

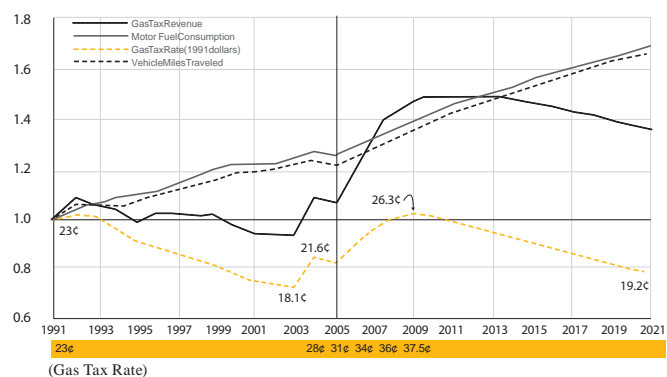
The chart below shows how inflation affects the ability to fund transportation systems. For example, looking at the gas tax rate from 1991 (when the gas tax was raised to 23¢ per gallon) out to 2021, the effect of inflation is clearly evident. The value (in 1991 dollars) of the 23¢ dips to a low of 18.1¢ in 2003 then rises to 21.6¢ when the Nickel tax is added in 2004, then starts to decline again until 2005 when the 2005 Transportation Funding Package was implemented. The value of this new revenue is projected to continue to rise until 2009 when it will reach a high of 26.3¢. The value will then start to decline again, reaching a projected 1991 purchasing power value of 19.2¢ in 2021. Revenues from the gas tax follow the same trend line. However, motor vehicle fuel consumption and travel are projected to grow with the same growth as the state.

2007-2009 Biennium 36¢-37.5¢ Gas Tax Revenue Distribution \$2,566.8 million*



*Net for distribution

Growth Rates Compared: Vehicle Miles Traveled, Gas Tax and Gas Tax Rates



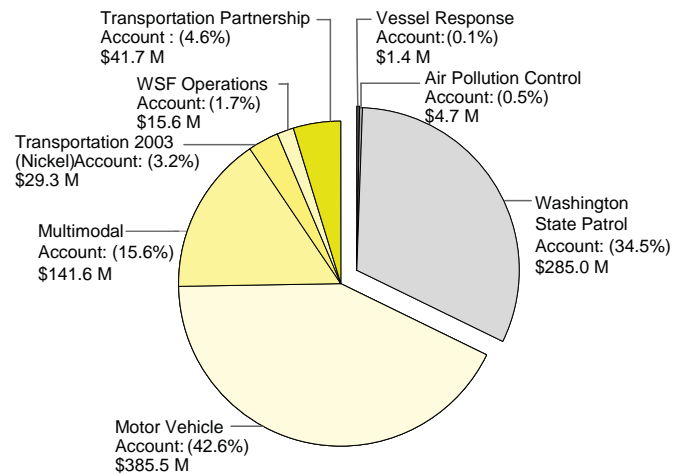
Licenses, Permits, and Fees

Licenses, permits, and fees are the second largest source of revenue for transportation. These funds are primarily from new and renewal of vehicle registration fees and license fees for trucks based on weight. Other fees include vehicle inspection fees, title fees, and special permits.

The 2003 Legislature increased the gross weight fees on trucks by 15%, included an additional 0.3% sales tax on new and used vehicles and added a \$20 license plate number retention fee. The 2005 Legislature added new vehicle weight fees on passenger cars, increased combined license fees for light trucks, added a \$75 fee for all motor homes, and fee increases to various driver's license services.

In the 2007-2009 biennium, licenses, permits, and fees are expected to generate approximately \$904.7 million. About 31.5% of these funds are distributed to the Washington State Patrol, with small distributions to the Air Pollution Control Account and the Vessel Response Account. Remaining funds go to accounts administered by WSDOT.

2007-2009 Biennium License Permits, & Fees Revenue Distribution \$904.7 million



2003 Transportation Funding Package

The 2003 Transportation Funding Package enacted by the 2003 Legislature included the following tax and fee increases:

2003 Transportation Package Revenue Sources

Deposited into the Transportation 2003 (Nickel) Account (Established in 2003)

- 5¢ increase to the gas tax
- 15% increase in the gross weight fees on trucks

Deposited into the Multimodal Account

(Established in 2000)

- An additional 0.3% sales tax on new and used vehicles

- A \$20 license plate number retention fee

2003 Transportation Package Bond Authorizations

The 2003 Transportation Funding Package included the following bond authorizations:

- Gas tax bonds: \$2.6 billion
- State General Obligation (GO) bonds: \$349.5 million

These new revenues and bond proceeds are being used for a specific set of projects as set forth by the 2003 Legislature.

2005 Transportation Funding Package

The 2005 Transportation Funding Package enacted by the 2005 Legislature included the following tax and fee increases:

2005 Transportation Package Revenue Sources

9.5¢ increase to the gas tax phased in over four years

- 3.0¢ in July 2005
- 3.0¢ in July 2006
- 2.0¢ in July 2007
- 1.5¢ in July 2008

New vehicle weight fees on passenger cars

- \$10 for cars under 4,000 pounds
- \$20 for cars between 4,000 and 6,000
- \$30 for cars between 6,000 and 8,000

Increased combined license fees for light trucks

- \$10 for trucks under 4,000 pounds
- \$20 for trucks between 4,000 and 6,000 pounds
- \$30 for trucks between 6,000 and 8,000 pounds
- Farm vehicles are exempt from the increase

A \$75 fee for all motor homes

Fee increases to various drivers' license services

- Original and renewal license application increased to \$20
- Identity cards, Driver Permits and Agricultural Permits increased to \$20
- Commercial Driver License and Renewal increased to \$30
- License Reinstatement increased to \$75
- DUI Hearing increased to \$200

Fee increases to various license plate charges

- Reflectorized Plate Fee increased to \$2 per plate
- Replacement Plates increased to \$10

2005 Transportation Package Bond Authorizations

The 2005 Transportation Funding Package included a bond authorization of \$5.1 billion.

These new revenues and bond proceeds are being used for a specific set of projects as set forth by the 2005 Legislature.

Bond Proceeds, Debt Service and Certificates of Participation

Bond financing is an important component for the capital program. It is important to remember that this instrument obligates a portion of the tax revenues collected, making them unavailable for cash financing of projects. Bonds don't create new funds; they just make them available for projects sooner. State transportation bonds are referred to as "double-barreled" bonds. They are obligation bonds secured by the full faith and credit of the state as well as being secured by the gas tax. Debt service is paid directly from gas tax receipts.

The use of bond financing for transportation follows a rigorous legal process. The legislature must enact a statute authorizing the sale of bonds for a specific purpose, and then the bond proceeds must be appropriated before they can be spent. Bonds are sold through the State Finance Committee.

The 2003 and the 2005 Transportation Funding Packages are dependent on bond financing. Ultimately the gas tax component for both of these packages will be completely leveraged to pay debt service. The 2003 Transportation Funding Package contained two bond authorizations, an authorization of \$2.6 billion for motor fuel tax bonds, and an authorization of \$349.5 million for State General Obligation (GO) bonds over a 10-year period. The 2005 Transportation Funding Package included a \$5.1 billion bond authorization.

The proceeds from the gas tax bonds will be used to fund highway projects. The proceeds from the state GO bonds will be used to fund rail, ferry terminal, and local road projects. The following table displays the bond sales required to support the WSDOT 2007-2009 budget proposal and 16-year plan.

Special Category C bonds were originally authorized by the Legislature at \$240 million in 1993 and increased by \$90 million in 1999 with the last sale of these bonds taking place in July 2004. Debt service on earlier bond sales will start to decline in 2019, and disappear altogether by 2029. Statutory distributions of forecasted gas tax revenue into the Special Category C account currently exceed the required debt service obligation. Revenue in this account would be available for debt service on additional bond sales to fund eligible projects. WSDOT proposes the Legislature increase the authorization by an additional \$270 million. During the 16-year plan period, WSDOT proposes to sell a total of \$60 million to help fund the US 395 project. The proposal is to sell \$30 million in the 2007-2009 biennium, \$20 million in 2009-2011, and \$10 million in the 2011-2013 biennium. The remaining new authorization of \$210 million could be issued in the later years of the 16-year plan, but is not currently proposed to be sold.

Bond Authorization	Authorized in Statute	Bonds Planned to be Sold as of June 30, 2007	Remaining Authorization as of June 30, 2007	2007-2009 Budget Proposal	Amount Planned for the Remainder of 16 -Year Plan	Total 16-Year Bond Sale Plan	Remaining Authorization as of June 30, 2023
Referendum 49 Bonds RCW 47.10.813*							
State and Local Highway Improvements	\$1,100,000,000	\$863,997,000	\$236,003,000	\$157,502,000	\$91,234,000	\$248,736,000	
Set-aside for Tacoma Narrows Bridge	\$800,000,000	\$672,986,000	\$127,014,000	\$127,014,000	\$0	\$127,014,000	
Estimated Unissued Bonds for Tacoma Narrows Bridge	-	-	-	(\$96,264,000)	-	(\$96,264,000)	
Total R 49 Bond Authorization	\$1,900,000,000	\$1,536,983,000	\$363,017,000	\$188,252,000	\$91,234,000	\$279,486,000	\$83,531,000
Transportation 2003 (Nickel) Account RCW 47.10.861							
Highway Improvements (I)	\$2,600,000,000	\$1,079,181,000	\$1,520,819,000	\$1,059,000,000	\$461,819,000	\$1,520,819,000	\$0
Multimodal Bonds (GO Bonds) RCW 47.10.867							
Multimodal Transportation Projects	\$349,500,000	\$90,150,000	\$259,350,000	\$124,636,000	\$134,714,000	\$259,350,000	\$0
Transportation Partnership Account RCW 47.10.873							
Highway Improvements (I)	\$5,100,000,000	\$125,519,000	\$4,974,481,000	\$885,000,000	\$4,089,481,000	\$4,974,481,000	\$0
Special Category C RCW 47.10.812							
Highway Improvements (I)	\$600,000,000**	\$330,000,000	\$270,000,000	\$30,000,000	\$30,000,000	\$60,000,000	\$210,000,000
	Total Bond Sales Required to Support the 2007-2009 Budget Proposal and 16-Year Plan			\$2,383,152,000	\$4,807,248,000	\$7,190,400,000	

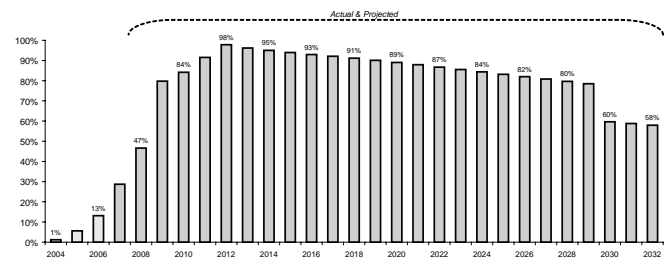
* The 2007-09 Budget Proposal includes the entire remaining set-aside for the Tacoma Narrows Bridge. The current estimate of unissued bonds for Tacoma Narrows Bridge is approximately \$96.3 million.

** WSDOT is proposing an increase in Special Category C bond authorization from \$330 million to \$600 million.

Debt Service

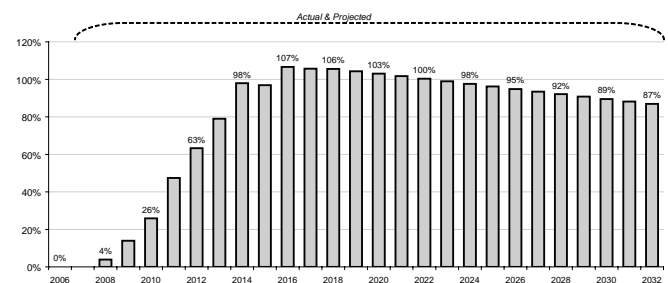
Debt Service as a Percent of the Nickel Account*

The debt service on Transportation 2003 (Nickel) Account Funding Package's \$2.6 billion bond authorization will be paid by the nickel increase in the gas tax. All of the nickel gas tax will be dedicated to paying debt service by 2012. The first chart on the right shows the projected growing percentage of the nickel tax required to pay debt service for the specified project list identified by the legislature through 2013.



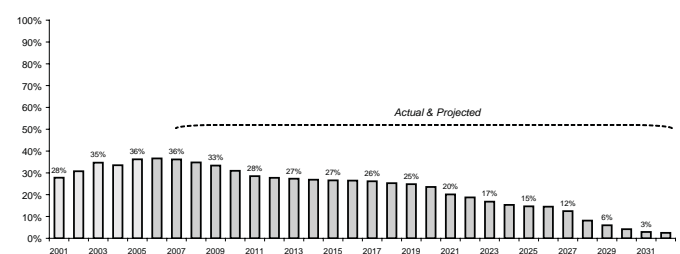
Debt Service as a Percent of the Transportation Partnership Account (State Portion of the 9.5¢ = 8.5¢/gallon)*

The debt service on the 2005 Transportation Partnership Account Funding Package's \$5.1 billion bond authorization will be paid by the state's portion of the 9.5¢ increase in the gas tax. Nearly all of the revenue from the state's 8.5¢ will be dedicated to paying debt service by the end of 2016. The second chart on the right shows the projected growing percentage of the 9.5¢ tax required to pay debt service for the specified project list identified by the legislature through 2021.



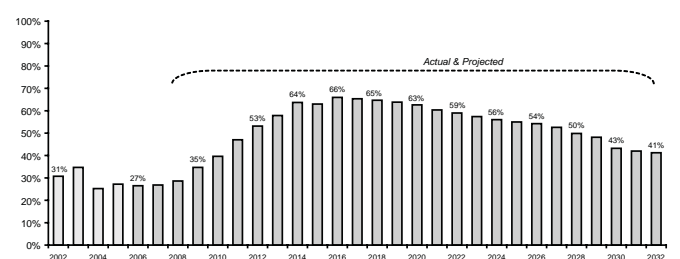
Debt Service as a Percent of the State Portion of the 23¢ Motor Fuel Tax (State Portion of the 23¢ = 12.04¢/gallon)*

The third chart shows the percentage (actual and projected) of the state's share of the 23¢ portion of the gas tax required to pay debt service for all other gas tax bonded capital projects through 2013. Recall from the gas tax distribution chart presented earlier that the state share of the 23¢ portion of the gas tax is about 12¢. Of this 12¢ distribution, about 4¢ is presently dedicated to debt service.



Debt Service as a Percent of the State's Overall Share of the Gas Tax*

The fourth chart represents all debt service (actual and projected) obligated by gas tax revenues. In 2003, WSDOT's debt service reached a historic high as a percentage of the state's share of gas tax revenues. This percentage decreases in 2004 as the nickel tax revenues are received. However, because the recent tax increases will be highly leveraged, debt service as a percentage of the state's share of gas tax revenues once again will reach historic highs by 2009. Approximately 4¢ from the 23¢ portion of the gas tax, 5¢ from the Nickel gas tax, and 8.5¢ from the 2005 funding package, totaling 18¢ will be used to pay for debt service.



*Based on the June 2006 Transportation Revenue Forecast

Certificates of Participation

In order to accomplish capital project work planned for the 2007-09 biennium for WSDOT's Capital Facilities Program, the department proposes to provide financing through the Certificate of Participation program administered by the Office of the State Treasurer. Funding provided by the issue of certificates of participation (COP) is proposed for design and construction of the Olympic Region Headquarters, Ephrata Area Maintenance Facility, and the Northwest Region Maintenance Facility. COP funding also is proposed for site acquisitions for the Vancouver Light Industrial and Tri-Cities Area Maintenance Facility projects.

For the 2005-07 biennium, the legislature authorized the department to issue \$34.8 million in COPs for the site acquisition and construction of the Olympic Region Complex. However, because of cost increases, additional funding will be required to complete the project. Subject to legislative approval, the department plans to complete this project in two phases. The first phase will be funded with COPs issued in the 2005-07 biennium and the second phase with COPs issued in the 2007-09 biennium. Under this plan, the department will use only \$22.8 million of the \$34.8 million authorized for the 2005-07 biennium. \$22.8 million of COPs were issued in September 2005 for site acquisition. An issue of approximately \$19.0 million is planned in the latter part of FY 2007 to finance the first phase of construction.

For the 2007-09 biennium, the department is requesting legislative approval to issue COPs totaling \$43,875,000 that will be allocated to the projects as displayed below. \$2.0 million to finance furnishings and equipment for the Olympic Region

Headquarters is not included because proceeds from Certificates of Participation for furnishings and equipment do not require legislative approval.

At this time, the anticipated repayment period of the principal amounts of the \$43.9 million of COPs for site acquisitions and facilities design and construction is 20 years. A 10-year repayment period for the \$2.0 million issued for furnishings and equipment is assumed. For planning purposes, an average interest rate of 5.4% for the 20-year issues and a 6.5% rate for the 10-year issue is assumed. The table below shows the estimated costs of repayment of principal and interest on the COPs issued for projects in the 2005-07 and 2007-09 biennia for the first 10 years.

Estimated Principal and Interest for Total COPs Issued dollars in millions

	2005-07	2007-09	2009-11	2011-13	2013-15
Olympic Region Headquarters	\$0.6	\$7.6	\$8.6	\$8.6	\$8.6
Vancouver Light Industrial Facility	\$0.0	\$0.3	\$0.4	\$0.4	\$0.4
Ephrata Area Maintenance Facility	\$0.0	\$0.6	\$1.0	\$1.0	\$1.0
Northwest Region Maintenance Facility	\$0.2	\$0.8	\$1.1	\$1.1	\$1.1
Tri-Cities Area Maintenance Facility	\$0.0	\$0.2	\$0.3	\$0.3	\$0.3
Total	\$0.8	\$9.4	\$11.4	\$11.4	\$11.4

Projects and Amounts to be Financed with Certificates of Participation

Capital Facilities Program

dollars in millions

<i>Projects requiring financing in 2007-09</i>	2005-07	2007-09	2009-11	Total
Olympic Region Headquarters				
Proceeds from Certificates of Participation - Design & Constr.	\$22.8	\$26.5	\$0.0	\$49.3
Vancouver Light Industrial Facility				
Proceeds from Certificates of Participation	\$0.0	\$2.7	\$0.0	\$2.7
Ephrata Area Maintenance Facility				
Proceeds from Certificates of Participation	\$0.0	\$6.4	\$0.0	\$6.4
Northwest Region Maintenance Facility				
Proceeds from Certificates of Participation	\$0.0	\$6.7	\$0.0	\$6.7
Tri - Cities Area Maintenance Facility				
Proceeds from Certificates of Participation	\$0.0	\$1.6	\$0.0	\$1.6
Proposed COPs that Require Legislative Approval	\$22.8	\$43.9	\$0.0	\$66.7
Additional COPs for Furnishings and Equipment - Olympic Region	\$0.0	\$2.0	\$0.0	\$2.0
Total Proceeds from Certificates of Participation	\$22.8	\$45.9	\$0.0	\$68.7

Note:

Olympic Region Headquarters assumes \$2.0 million in state funds, and Ephrata Area Maintenance Facility assumes \$0.2 million in state funds for a total of \$2.2 million in contributions from state funds in the 2007-2009 biennium.

Ferry Fares

Washington State Ferry fares and other miscellaneous ferry revenues are used for ferry operations. Ferry fare revenues are assumed to include 2.5% annual fare increases, rounded up to the nearest nickel, on May 1 of each year, 2007-2023. This results in slightly increasing real fares over time given the current projection for inflation. Ferry fares and miscellaneous ferry revenues are augmented by direct distributions from the gas tax and licenses, permits, and fees revenues as well as appropriations from other transportation accounts to round out the ferry capital and operating budgets. The following table displays the forecasted ferry ridership and farebox revenue through 2023.

Ferry Ridership

(millions of riders)

Ferry Ridership (millions of riders)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Passenger	13.0	13.4	13.8	14.0	14.4	14.6	14.7	14.9	15.0	15.2	15.3	15.4	15.6	15.7	15.9	16.1	16.3	16.5
Vehicle/Driver	10.8	10.7	11.1	11.4	11.7	11.9	12.1	12.2	12.3	12.5	12.6	12.7	12.7	12.8	12.9	12.9	13.0	13.1
Total Ridership	23.8	24.0	24.8	25.4	26.2	26.5	26.8	27.1	27.4	27.6	27.9	28.1	28.3	28.5	28.8	29.0	29.3	29.5

Farebox Revenue

(millions of dollars)

Farebox Revenue (millions of dollars)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Farebox Revenues	140.0	148.4	157.1	164.1	173.8	180.7	187.8	194.9	201.7	208.5	215.5	221.5	228.5	235.6	242.9	250.2	258.2	266.1

Local Funds

The Department of Transportation will sometimes perform work on the State Highway System at the request of local governments. In most instances, local governments reimburse the state for all or a part of the costs. Local funds assumed in WSDOT's budget proposal for 2007-2009 reflect anticipated local contributions to projects and programs.

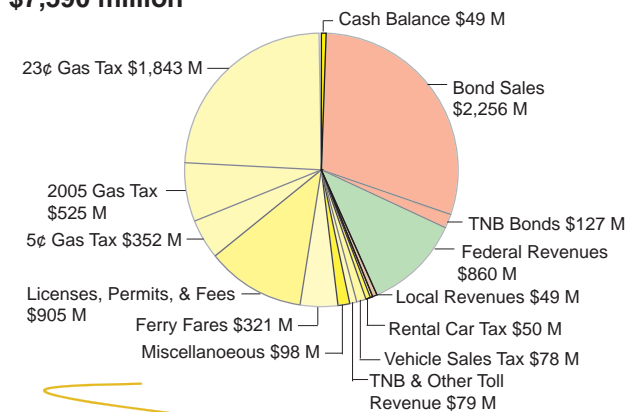
Federal Funds

The federal government provides significant financial assistance to Washington State for transportation programs. Most federal assistance is authorized through federal-aid highway acts. A "line of credit" for the state is created that is apportioned, or allocated, by the Federal Highway Administration. The state obtains obligation of these funds based on its spending plans and is reimbursed when it incurs federally-eligible costs. The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), was signed into law in August 2005 and expires September 2009.

Federal cash flow estimates contained in the Current Law Budget proposal are derived from the SAFETEA-LU program authorizations and have been extended for the 16-year planning period. For the remainder of the 16-year planning period, it was assumed that the current structure of the federal transportation programs would continue. A full description and discussion of the individual federal programs authorized in SAFETEA-LU can be found in the latest issue of the Legislative Transportation Committee's Transportation Resource Manual.

How is WSDOT's Budget Funded?

Total Transportation Funds Available in 2007-2009 \$7,590 million*

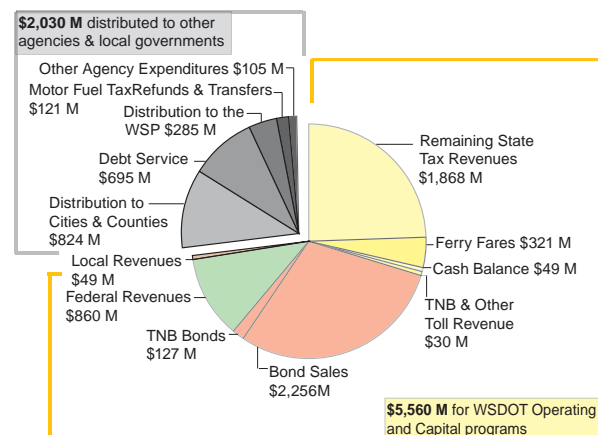


Funding for WSDOT's budget comes from several sources. The major sources of transportation revenue are the gas tax and licenses, permits, and fees. The budget is also funded from ferry fares and concessions, rental car taxes, and miscellaneous revenues, which include interest earnings. Funds also come from bond sales, federal funds, local funds, and remaining cash balances from previous years.

Distribution of Funds

Though the state collects the gas tax and licenses, permits, and fees, a portion of these funds are distributed back to the cities and counties. These statutory distributions along with appropriations to other agencies, refunds, transfers and debt service are shown in the gray area of the pie chart below. The portion of the chart outlined in yellow is assumed to be available for the proposed WSDOT 2007-2009 Operating and Capital budgets.

Distribution of \$7,590 million Transportation Funds in 2007-2009

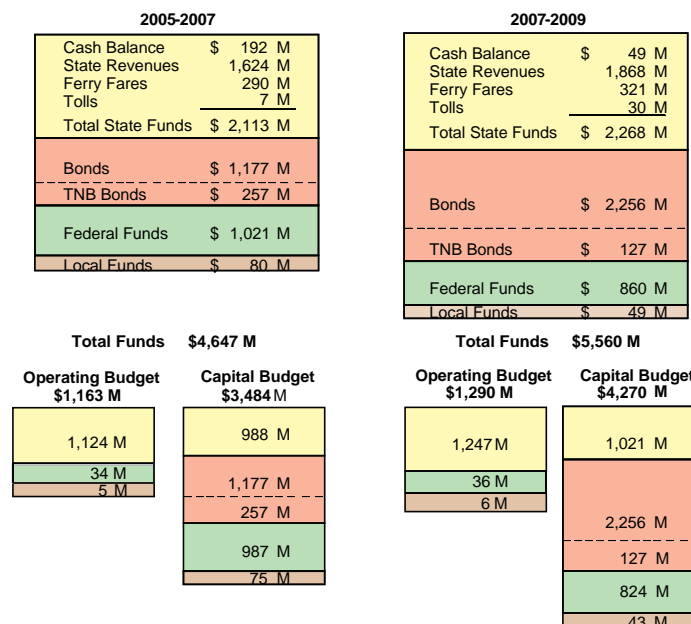


*Based on June 2006 Transportation Revenue Forecast.
Gas Tax revenue is based on month of collection

WSDOT Funds by Source; Allocated to Operating Expenditures & Capital Investment 2005-2007 Biennium Compared to WSDOT's Budget Request for the 2007-2009 Biennium

The chart to the right summarizes the current 2005-2007 budget and the proposed 2007-2009 budget.

The 2005-2007 biennial amounts displayed here reflect the appropriation in the 2006 Enacted Supplemental Transportation Budget, and do not include additional amounts for the Washington State Ferry operating program that will be requested in WSDOT's forthcoming 2007 Supplemental Budget Proposal. The additional amounts may change as WSDOT finalizes it's 2007 Supplemental Budget Proposal. However, the additional amount for the ferry operations program are displayed in the Operating Budget Request and 16-Year Financial Plan.



Revenue and Fund Risks

- It should be recognized that projected transportation funds have not yet been collected and that actual collections may not meet current expectations.
- Actual receipts of transportation taxes (e.g. gas taxes, and licenses, permits, and fees) may be lower than current projections.
- Federal receipts could fall short of projections.
- Ferry riders could be more sensitive to an increase in ferry fares than what is currently predicted, causing a reduction in fare box collections.
- Revenues can be impacted by changes in the law, either through legislative action or through the initiative process.
- Project cost increases due to cost escalation of petroleum based products
- Higher than expected interest rates for bond sales may cause increases to debt service obligations.

16 - Year Plan

A long-term outlook of transportation sources and uses often provides insight into how transportation funds may be used in the future. The next two pages display by program the 2005-07 current budget, the WSDOT proposed 2007-09 budget, and the remainder of the department's 16-year plan for both operating and capital uses through fiscal year 2023. The operating plan for the out-biennia was developed, with a few exceptions, by applying half the rate of inflation to the 2007-09 levels. The 16-year capital plan is driven for the most part by the Legislative 2003 and 2005 Transportation Project Lists. Also displayed by biennia are the estimated sources of funds and debt service withholding through 2023.

In addition to all of the funding assumptions discussed earlier, the 16-year plans are also partially funded from transportation accounts not administered by WSDOT. Specifically, over the 16-year period the plan assumes that \$7 million of funding from the Highway Safety Account will be transferred to the Motor Vehicle Account to aid in supporting WSDOT's budget proposal, which is consistent with the 2006 legislative plan. Finally, with a few exceptions, it is assumed that the legislature would provide expenditure authority for other transportation agencies from the Motor Vehicle Account at their 2005-07 levels adjusted by half the rate of inflation.

In the outer biennia WSDOT is unable to balance the Transportation 2003 (Nickel) Account and the Transportation Partnership Account. The discrepancies are displayed in the capital financial plan as line items labeled; Additional Funds Required for 2003 or 2005 Projects. The Nickel Account requires an additional \$225 million in 2011-2013 and the Transportation Partnership Account requires an additional \$25 million in 2015-2017 and \$10 million in 2017-2019.

One option to remedy the deficit in the Transportation Partnership Account would be to sell additional bonds in the amounts of \$25 million in 2015-2017 and \$10 million in 2017-2019. Cash flow projections in this account indicate the ability to support debt service on these additional bond sales.

For the Nickel Account, the remedy would require bond sales in excess of the \$225 million deficit in 2011-2013. This is because this magnitude of bond sale would require additional debt service above and beyond available cash flow in later years. To balance the account would require the sale of \$250 million in 2011-2013 and \$55 million in 2015-2017.

Department of Transportation 2007-2009 Operating Budget Request and 16-Year Financial Plan

dollars in millions

08-30-06

Program Categories	05-07	07-09	09-11	11-13	13-15	15-17	17-19	19-21	21-23	16-Year Total
Uses of Funds:										
Highways										
Highway Maintenance and Operations • M	305.5	310.7	314.8	320.4	326.1	331.7	337.5	343.5	349.8	2,634.4
Highway Traffic Operations • Q	46.0	50.2	51.4	52.6	53.1	54.1	55.1	56.2	57.4	430.1
Toll Maintenance and Operations TNB • B ¹	8.3	30.9	32.3	42.7	49.5	51.2	53.3	54.3	47.5	361.7
Toll Maintenance and Operations HOT Lanes • B ²	0.0	2.6	2.6	2.7	2.7	2.8	2.9	2.9	3.0	22.2
Toll Maintenance and Operations Other • B ³	0.0	1.3	1.7	1.7	1.7	1.7	1.8	1.8	1.8	13.4
Highways Total	359.8	395.7	402.8	420.0	433.2	441.5	450.5	458.8	459.5	3,461.9
Ferries Maintenance & Operations • X	392.7	393.6	397.2	411.7	426.7	441.9	457.9	475.1	493.2	3,497.3
Public Transportation and Rail										
Public Transportation • V	90.0	106.0	107.2	108.5	109.8	121.2	122.5	123.9	125.4	924.6
Rail • Y	36.9	39.1	39.7	40.4	41.1	41.8	42.5	43.3	44.1	332.0
Public Transportation and Rail Total	126.9	145.1	146.9	149.0	151.0	163.0	165.1	167.2	169.5	1,256.6
Aviation • F	10.3	9.6	8.5	8.8	9.0	9.1	9.3	9.5	9.7	73.4
Transportation Economic Partnerships • K	1.1	3.8	3.9	4.0	4.1	4.1	4.2	4.3	4.4	32.9
Local Programs • Z	11.5	10.3	10.5	10.7	10.9	11.1	11.3	11.6	11.8	88.3
Support Services and Other Charges										
Facilities Maintenance & Operations • D	33.6	33.2	33.8	34.5	35.2	35.8	36.5	37.2	38.0	284.2
Program Delivery Management & Support • H	53.6	55.1	55.4	51.0	51.5	52.4	53.4	54.5	55.6	429.0
Transportation Management & Support • S	27.8	30.0	30.5	31.1	31.7	32.3	33.0	33.6	34.3	256.6
Office of Information Technology • C	67.2	72.1	72.2	73.7	75.1	76.5	78.0	79.5	81.1	608.3
Transportation Planning, Data, & Research • T	48.3	49.6	45.6	46.5	47.4	48.3	49.3	50.2	51.2	388.2
Charges from Other Agencies • U	47.3	62.9	63.8	65.1	66.3	67.6	68.9	70.2	71.6	536.5
Support Services Total	277.8	303.0	301.4	302.0	307.3	313.0	319.0	325.3	331.8	2,502.8
2007-09 Operating Budget Proposal	1,180.0	1,261.1	1,271.2	1,306.2	1,342.0	1,383.8	1,417.3	1,451.8	1,479.9	10,913.3
Placeholder for Compensation Adjustment⁴	0.0	28.5	29.4	30.4	31.4	32.4	33.5	34.6	35.8	256.0
Total Operating Uses of Funds	1,180.0	1,289.6	1,300.6	1,336.6	1,373.4	1,416.2	1,450.8	1,486.4	1,515.7	11,169.3
Sources of Funds Supporting the Operating Budget Proposal										
State Revenues from Taxes and Fees	845.3	904.0	870.3	866.9	868.5	881.9	886.5	891.2	904.7	7,073.9
Tacoma Narrows Toll Bridge (Net Revenue) ¹	7.4	22.2	32.3	42.7	49.5	51.2	53.3	54.3	47.5	353.0
Toll Maintenance and Operations HOT Lanes	0.0	0.1	2.6	2.7	2.7	2.8	2.9	2.9	3.0	19.7
Ferry Fares ⁵	288.4	321.2	354.5	382.6	410.2	437.0	464.1	493.0	514.5	3,377.1
State Revenue	1,141.1	1,247.5	1,259.7	1,294.9	1,330.9	1,372.9	1,406.7	1,441.4	1,469.8	10,823.8
Federal	34.2	35.9	34.6	35.3	36.0	36.6	37.3	38.1	38.8	292.6
Local	4.7	6.2	6.3	6.4	6.5	6.7	6.8	6.9	7.1	52.9
Total Operating Sources of Funds	1,180.0	1,289.6	1,300.6	1,336.6	1,373.4	1,416.2	1,450.8	1,486.4	1,515.7	11,169.3
Debt Service Withholding:										
Highway Debt Service (MVA, Special C)	258.1	257.1	234.8	236.0	234.5	236.5	231.6	202.3	166.8	1,799.5
Ferry Capital Construction Debt Service	37.2	39.9	33.1	32.6	33.0	31.7	31.5	27.2	11.7	240.5
Nickel Account Debt Service	93.9	238.8	245.9	375.3	374.7	374.7	375.0	374.7	375.0	2,734.1
Transportation Partnerships Debt Service	9.0	91.8	311.7	544.5	684.6	742.2	747.6	747.3	747.0	4,616.7
Total Gas Tax Supported Debt Service	398.2	627.6	825.5	1,188.3	1,326.7	1,385.0	1,385.7	1,351.4	1,300.5	9,390.8
Multimodal Account Debt Service (GO Bonds)	5.7	19.1	36.8	47.4	51.5	51.5	51.5	51.5	51.5	360.6
Tacoma Narrows Bridge Debt Service ⁶	4.2	48.6	82.5	92.0	112.2	133.3	147.6	151.9	161.4	929.6
Total Transportation Debt Service Withholding	408.1	695.2	944.8	1,327.8	1,490.4	1,569.8	1,584.7	1,554.8	1,513.4	10,681.0

The 05-07 column displays amounts appropriated in the 2006 Enacted Supplemental Transportation Budget, plus additional amounts for the WSF operating program (Program X) that will be requested in WSDOT's forthcoming 2007 Supplemental Budget Proposal. The additional amounts may change as WSDOT finalizes its 2007 Supplemental Budget Proposal.

¹ At the time the 2005-2007 budget was enacted, toll collections were assumed to begin in April 2007. The amounts displayed in the 2005-2007 column reflects that budget assumption. The current assumption for the opening of the bridge is now July 2007 and it is likely that this revenue will not be collected during 2005-2007. The amounts displayed in the 2007- 2009 biennia reflect estimated reductions to toll collections due to Electronic Toll Collection (ETC) discounts. The amounts displayed in all biennia are "net toll revenue" and do not include toll revenue applied to debt service.

² The amounts displayed are for management and operations of the SR 167 HOT Lanes Project.

³ The amounts displayed are for statewide toll system strategic planning, policy development, and operations management support.

⁴ This placeholder includes possible compensation adjustments for FY 2008 and 2009 for all operating programs. It also includes salary survey adjustments for selected job classifications. The amounts displayed are for positions in the operating programs only and do not include compensation or salary survey adjustments for positions in the capital programs.

⁵ The Ferry Fare revenue estimates assume a 2.5% annual increase in fares each May through 2023. Fares are assumed to be rounded to the nearest nickel.

⁶ Debt service on bonds sold to construct the Tacoma Narrows Bridge will be paid by toll collections, however the bonds are backed by the state gas tax.

Department of Transportation 2007-2009 Capital Budget Request and 16-Year Financial Plan

dollars in millions

08-30-06

Program Categories	05-07	07-09	09-11	11-13	13-15	15-17	17-19	19-21	21-23	16-Year Total
Uses of Funds:										
Highway Construction										
Hwy. Improvements • I (Pre-existing)	538.7	406.1	201.8	168.4	169.7	167.3	184.8	202.3	202.3	1,702.7
Hwy. Improvements • I (Special C)	3.5	35.5	24.3	12.8	0.0	0.0	0.0	0.0	0.0	72.6
Highway Improvements • I (2003 Funding - Nickel Acct.)	1,190.3	1,081.4	556.6	284.0	2.9	1.4	1.0	30.1	39.1	1,996.4
Highway Improvements • I (2005 Funding - TPA Acct.)	384.2	1,211.0	2,172.9	1,620.2	705.0	127.1	81.6	43.5	92.7	6,053.9
Highway Improvements • I (Multimodal Account)	1.0	1.2	0.0	50.0	30.0	15.0	25.0	40.0	50.0	211.2
Tacoma Narrows Bridge • I*	274.0	138.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	138.5
Total Highway Improvements • I	2,391.7	2,873.6	2,955.5	2,135.3	907.6	310.8	292.4	315.8	384.2	10,175.2
Hwy. Preservation • P (Pre-existing Funds)	442.7	474.5	477.1	631.5	672.7	720.2	722.2	785.7	824.5	5,308.4
Hwy. Preservation Hood Canal • P (Pre-existing)	106.9	24.0	5.1	0.0	0.0	0.0	0.0	0.0	0.0	29.1
Highway Preservation • P (2003 Funding)	1.7	2.3	17.0	25.7	21.3	101.0	0.0	0.0	0.0	167.3
Highway Preservation • P (2005 Funding)	14.2	64.2	29.5	35.1	16.3	0.8	0.0	0.0	0.0	145.9
Hwy. Preserv. Hood Canal • P (2005 Funding)	10.3	128.6	15.7	0.0	0.0	0.0	0.0	0.0	0.0	144.2
Total Highway Preservation • P	575.8	693.6	544.5	692.2	710.3	822.0	722.2	785.7	824.5	5,794.9
Total Highway Construction	2,967.5	3,567.2	3,500.0	2,827.6	1,617.9	1,132.8	1,014.6	1,101.5	1,208.6	15,970.1
Other Highway										
Capital Facilities • D	2.3	13.0	12.7	12.7	12.7	12.7	12.6	12.1	12.1	100.5
Traffic Operations • Q	32.7	39.8	13.3	14.0	14.0	14.0	14.0	14.0	14.0	137.1
Total Other Highways	35.1	52.7	26.0	26.7	26.7	26.7	26.6	26.1	26.1	237.6
Total Highways	3,002.6	3,619.9	3,526.0	2,854.3	1,644.6	1,159.5	1,041.2	1,127.6	1,234.7	16,207.7
Ferries Construction										
Ferry Construction • W (Pre-existing)	198.9	259.8	302.1	217.6	234.2	192.1	222.9	198.4	218.3	1,845.3
Ferry Construction • W (2003 Funding)	45.2	181.5	74.6	3.9	0.0	0.0	0.0	0.0	0.0	260.0
Ferry Construction • W (2005 Funding)	0.0	1.9	79.8	6.0	48.6	28.4	13.2	7.5	0.0	185.4
Total Ferry Construction • W	244.2	443.2	456.5	227.5	282.8	220.5	236.1	205.9	218.3	2,290.8
Rail Program										
Rail Program • Y (Pre-existing)	30.2	18.2	3.8	3.8	3.8	3.4	3.4	3.4	3.4	43.5
Rail Program • Y (2003 Funding)	35.1	63.9	59.2	28.9	24.6	0.0	0.0	0.0	0.0	176.6
Rail Program • Y (2005 Funding)	28.7	75.3	15.5	5.0	12.4	5.0	5.0	5.0	5.0	128.2
Rail Program • Y (Future Rail Investment)	0.0	0.0	0.0	15.0	25.0	52.0	52.0	52.0	52.0	248.0
Total Rail Program • Y	94.0	157.4	78.6	52.7	65.8	60.4	60.4	60.4	60.4	596.3
Local Programs										
Local Programs • Z (Pre-existing)	105.6	18.3	5.8	1.8	1.8	1.8	1.8	1.8	1.8	35.0
Local Programs • Z (2003 Funding)	6.6	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.3
Local Programs • Z (2005 Funding)	31.4	29.6	23.9	23.0	24.0	20.0	20.0	20.0	20.0	180.5
Total Local Programs • Z	143.5	50.2	29.7	24.8	25.8	21.8	21.8	21.8	21.8	217.7
Total Capital Uses of Funds	3,484.3	4,270.6	4,090.9	3,159.3	2,019.0	1,462.3	1,359.5	1,415.7	1,535.2	19,312.5
Sources of Funds Supporting the Capital Budget Proposal										
Current Expected State Revenues from Taxes and Fees	988.3	1,021.0	940.3	731.2	618.4	666.2	622.8	672.9	783.6	6,056.3
Additional Funds Required for '03 Projects (Nickel Account)	0.0	0.0	0.0	225.0	0.0	0.0	0.0	0.0	0.0	225.0
Additional Funds Required for '05 Projects (TPA Account)	0.0	0.0	0.0	0.0	0.0	25.0	10.0	0.0	0.0	35.0
Total State Revenues	988.3	1,021.0	940.3	956.2	618.4	691.2	632.8	672.9	783.6	6,316.3
Bond Proceeds										
Transportation Partnership Bonds	150.0	885.0	1,895.0	1,455.0	678.0	61.5	0.0	0.0	0.0	4,974.5
Nickel Account Bonds	880.0	1,059.0	441.8	20.0	0.0	0.0	0.0	0.0	0.0	1,520.8
Multimodal Account Bonds	49.7	124.6	106.5	28.3	0.0	0.0	0.0	0.0	0.0	259.4
R-49 Bonds	97.0	157.5	61.2	20.0	10.0	0.0	0.0	0.0	0.0	248.7
R-49 Tacoma Narrows Bonds	257.0	127.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	127.0
Special C Bonds	0.0	30.0	20.0	10.0	0.0	0.0	0.0	0.0	0.0	60.0
Total Bond Proceeds	1,433.7	2,383.2	2,524.5	1,533.3	688.0	61.5	0.0	0.0	0.0	7,190.4
Federal	986.9	823.8	623.8	666.4	712.7	709.5	726.7	742.8	751.7	5,757.4
Local	75.4	42.7	2.3	3.4	0.0	0.0	0.0	0.0	0.0	48.4
Total Capital Sources of Funds	3,484.3	4,270.6	4,090.9	3,159.3	2,019.0	1,462.3	1,359.5	1,415.7	1,535.2	19,312.5

The 05-07 column displays amounts appropriated in the 2006 Enacted Supplemental Transportation Budget, and the 2005-07 Capital (Omnibus) Budget which includes funding for the Everett rail barge facility and the Columbia River dredging.